

Limited Liability Partnership Registration No. OC300878 (England and Wales)

FORESIGHT GROUP LLP & SUBSIDIARIES

**MEMBERS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018



FORESIGHT GROUP LLP & SUBSIDIARIES

LIMITED LIABILITY PARTNERSHIP INFORMATION

| | |
|---|--|
| Designated Members | P D English G Fraser Foresight Group CI Limited |
| Limited liability partnership number | OC300878 |
| Registered office and business address | The Shard 32 London Bridge Street London SE1 9SG |
| Auditors | Fisher, Sassoon & Marks 43-45 Dorset Street London W1U 7NA |
| Bankers | Bank of Scotland P.O. Box No.5 The Mound Edinburgh EH1 1YZ |

FORESIGHT GROUP LLP & SUBSIDIARIES

CONTENTS

| | Page |
|--|-------------|
| Members' report | 1 - 2 |
| Independent auditors' report | 3 - 4 |
| Consolidated statement of comprehensive income | 5 |
| LLP statement of comprehensive income | 6 |
| Consolidated balance sheet | 7 |
| LLP balance sheet | 8 |
| Consolidated statement of changes in equity | 9 |
| LLP statement of changes in equity | 10 |
| Consolidated statement of cash flows | 11 |
| LLP statement of cash flows | 12 |
| Notes to the financial statements | 13 - 30 |

FORESIGHT GROUP LLP & SUBSIDIARIES

MEMBERS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The members present their report and financial statements for the year ended 31 March 2018.

Principal activities and review of the business

Foresight Group is a leading independent investment manager with £2.5 billion of assets under management, raised from institutional investors, family offices, private and high net-worth individuals.

Foresight's broad and growing fund management activities now encompass investing in the UK, US, Southern Europe and Australia through specialist teams.

The results for the period and the financial position at the period end were considered satisfactory by the members. The members expect continued growth in the foreseeable future.

The group turnover and profit for the financial year before members' remuneration and profit shares was £36,288,079 (2017: £36,503,880) and £13,196,238 (2017: £13,185,188) respectively. The LLP turnover and profit for the financial year before members' remuneration and profit shares was £33,102,822 (2017: £33,405,892) and £13,181,505 (2017: £10,487,806) respectively.

Designated Members

The following designated members have held office since 1 April 2017:

P D English
G Fraser
Foresight Group CI Limited

Policy on members' drawings

The members' drawing policy allows each member to draw a proportion of their profit share, subject to the cash requirements of the business.

A member's capital requirement is linked to their share of profit and the financing requirement of the limited liability partnership. There is no opportunity for appreciation of the capital subscribed. Just as incoming members introduce their capital at "par", so the retiring members are repaid their capital at "par".

Auditors

The auditors, Fisher, Sassoon & Marks, are deemed to be reappointed under section 487(2) of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008).

Regulatory disclosures – Pillar III

The company has documented the Pillar III disclosures required by the FCA under BIPRU 11. These are available on the Foresight Group website or from the registered office.

FORESIGHT GROUP LLP & SUBSIDIARIES

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Statement of members' responsibilities

The members are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) requires the members to prepare financial statements for each financial period. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the limited liability partnership and of the profit or loss of the group and the limited liability partnership for that period. In preparing those financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and to enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

Each of the members in office at the date of approval of this annual report confirms that:

- so far as the members are aware, there is no relevant audit information of which the limited liability partnership's auditors are unaware, and
- the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the limited liability partnership's auditors are aware of that information.

On behalf of the members



G Fraser
Designated Member

25 July 2018

FORESIGHT GROUP LLP & SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FORESIGHT GROUP LLP & SUBSIDIARIES

Opinion

We have audited the financial statements of Foresight Group LLP (the 'parent LLP') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent LLP's affairs as at 31 March 2018 and of the group's and parent LLP's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The members are responsible for the other information. The other information comprises the information included in the members' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

FORESIGHT GROUP LLP & SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF FORESIGHT GROUP LLP & SUBSIDIARIES

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent LLP financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the members' responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the group's and the parent LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the group or the parent LLP or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anthony Rose (Senior Statutory Auditor)
for and behalf of Fisher, Sassoon & Marks

25 July 2018

Chartered Accountants
Statutory Auditor

43-45 Dorset Street
London W1U 7NA

FORESIGHT GROUP LLP & SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

| | Notes | 2018 £ | 2017 £ |
|---|----------|--------------|--------------|
| Turnover | 2 | 36,288,079 | 36,503,880 |
| Cost of sales | | (4,793,904) | (2,122,078) |
| Gross profit | | 31,494,175 | 34,381,802 |
| Administrative expenses | | (27,189,830) | (23,367,538) |
| Other operating income | | 4,128,400 | 2,280,000 |
| Operating profit | 3 | 8,432,745 | 13,294,264 |
| Interest receivable and similar income | 4 | 7,256 | 5,892 |
| Interest payable and similar expenses | | (1,369) | - |
| Profit on disposal of subsidiaries | | 4,770,798 | - |
| Profit on ordinary activities before taxation | | 13,209,430 | 13,300,156 |
| Tax on profit on ordinary activities in corporate subsidiaries | 5 | (13,192) | (114,968) |
| Profit for the financial year before members' remuneration and profit shares | | 13,196,238 | 13,185,188 |
| Members' remuneration charged as an expense | 7 | (7,181,505) | (10,487,806) |
| Profit for the financial year available for discretionary division among members | | 6,014,733 | 2,697,382 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 6,014,733 | 2,697,382 |

FORESIGHT GROUP LLP & SUBSIDIARIES

LIMITED LIABILITY PARTNERSHIP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

| | Notes | 2018 £ | 2017 £ |
|---|----------|--------------|--------------|
| Turnover | | 33,102,822 | 33,405,892 |
| Cost of sales | | (4,539,363) | (2,005,074) |
| Gross profit | | 28,563,459 | 31,400,818 |
| Administrative expenses | | (24,418,019) | (19,480,709) |
| Provision against intercompany loan | | 3,774,708 | (3,774,708) |
| Other operating income | | 5,223,953 | 2,332,607 |
| Operating profit | 3 | 13,144,101 | 10,478,008 |
| Interest receivable and similar income | 4 | 38,773 | 9,798 |
| Interest payable and similar expenses | | (1,369) | - |
| Profit for the financial year before members' remuneration and profit shares | | 13,181,505 | 10,487,806 |
| Members' remuneration charged as an expense | 7 | (7,181,505) | (10,487,806) |
| Profit for the financial year available for discretionary division among members | | 6,000,000 | - |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 6,000,000 | - |

FORESIGHT GROUP LLP & SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2018

| | Notes | 2018 £ | 2017 £ |
|---|-------|---------------------|---------------------|
| Fixed assets | | | |
| Intangible assets | 8 | 421,022 | 222,853 |
| Tangible assets | 9 | 492,875 | 713,607 |
| Investments | 10 | 431,791 | 1,187,864 |
| | | <u>1,345,688</u> | <u>2,124,324</u> |
| Current assets | | | |
| Current asset investments | | 15,913 | 10,433 |
| Debtors | 12 | 13,444,601 | 10,214,699 |
| Cash at bank and in hand | | 10,040,652 | 7,032,990 |
| | | <u>23,501,166</u> | <u>17,258,122</u> |
| Creditors: amounts falling due within one year | 13 | <u>(14,714,024)</u> | <u>(13,265,515)</u> |
| Net current assets | | <u>8,787,142</u> | <u>3,992,607</u> |
| Total assets less current liabilities | | <u>10,132,830</u> | <u>6,116,931</u> |
| REPRESENTED BY: | | | |
| Loans and other debts due to members within one year | | | |
| Amounts due in respect of profits | 14 | 3,605,794 | 5,635,719 |
| Members' other interests | | | |
| Members capital | 14 | 121,829 | 90,738 |
| Other reserves | 14 | 6,405,207 | 390,474 |
| | | <u>10,132,830</u> | <u>6,116,931</u> |
| TOTAL MEMBERS' INTERESTS | | | |
| Loans and other debts due to members | 14 | 3,605,794 | 5,635,719 |
| Members' other interests | 14 | 6,527,036 | 481,212 |
| | | <u>10,132,830</u> | <u>6,116,931</u> |

The financial statements were approved by the members and authorised for issue on 25 July 2018 and are signed on their behalf by:



G Fraser
Designated Member

Limited Liability Partnership Registration No. OC300878

FORESIGHT GROUP LLP & SUBSIDIARIES

LIMITED LIABILITY PARTNERSHIP BALANCE SHEET

AS AT 31 MARCH 2018

| | Notes | 2018 £ | 2017 £ |
|---|-------|-------------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 8 | 421,022 | 222,853 |
| Tangible assets | 9 | 352,144 | 329,172 |
| Investments | 10 | 468,035 | 1,213,550 |
| | | <u>1,241,201</u> | <u>1,765,575</u> |
| Current assets | | | |
| Debtors | 12 | 14,082,362 | 11,094,387 |
| Cash at bank and in hand | | 8,957,041 | 6,215,595 |
| | | <u>23,039,403</u> | <u>17,309,982</u> |
| Creditors: amounts falling due within one year | 13 | <u>(14,552,981)</u> | <u>(13,349,100)</u> |
| Net current assets | | <u>8,486,422</u> | <u>3,960,882</u> |
| Total assets less current liabilities | | <u><u>9,727,623</u></u> | <u><u>5,726,457</u></u> |
| REPRESENTED BY: | | | |
| Loans and other debts due to members within one year | | | |
| Amounts due in respect of profits | 14 | 3,605,794 | 5,635,719 |
| Members' other interests | | | |
| Members capital | 14 | 121,829 | 90,738 |
| Other reserves | | 6,000,000 | - |
| | | <u>9,727,623</u> | <u>5,726,457</u> |
| TOTAL MEMBERS' INTERESTS | | | |
| Loans and other debts due to members | 14 | 3,605,794 | 5,635,719 |
| Members' other interests | 14 | 6,121,829 | 90,738 |
| | | <u>9,727,623</u> | <u>5,726,457</u> |

The financial statements were approved by the members and authorised for issue on 25 July 2018 and are signed on their behalf by:



G Fraser
Designated Member

Limited Liability Partnership Registration No. OC300878

FORESIGHT GROUP LLP & SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY **AS AT 31 MARCH 2018**

| | Notes | Members' capital £ | Other reserves £ | Total £ |
|--|-----------|--------------------------|------------------------|-------------|
| Balance at 1 April 2016 | | 68,803 | (2,306,908) | (2,238,105) |
| Profit and total comprehensive income for the year | | - | 2,697,382 | 2,697,382 |
| Members' capital introduced | | 21,935 | - | 21,935 |
| Balance at 31 March 2017 | 14 | 90,738 | 390,474 | 481,212 |
| Profit and total comprehensive income for the year | | - | 6,014,733 | 6,014,733 |
| Members' capital introduced | 14 | 31,091 | - | 31,091 |
| Balance at 31 March 2018 | 14 | 121,829 | 6,405,207 | 6,527,036 |

FORESIGHT GROUP LLP & SUBSIDIARIES

LIMITED LIABILITY PARTNERSHIP STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

| | Notes | Members' capital £ | Other reserves £ | Total £ |
|--|-----------|--------------------------|------------------------|------------|
| Balance at 1 April 2016 | | 68,803 | - | 68,803 |
| Profit and total comprehensive income for the year | | - | - | - |
| Members' capital introduced | | 21,935 | - | 21,935 |
| Balance at 31 March 2017 | 14 | 90,738 | - | 90,738 |
| Profit and total comprehensive income for the year | | - | 6,000,000 | 6,000,000 |
| Members' capital introduced | 14 | 31,091 | - | 31,091 |
| Balance at 31 March 2018 | 14 | 121,829 | 6,000,000 | 6,121,829 |

FORESIGHT GROUP LLP & SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

| | Notes | 2018 £ | £ | 2017 £ | £ |
|--|-------|--------------------|---|---------------------|---|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 22 | 11,172,428 | | 15,264,475 | |
| Income taxes paid | | (62,887) | | (160,342) | |
| | | | | | |
| Net cash inflow from operating activities | | 11,109,541 | | 15,104,133 | |
| Investing activities | | | | | |
| Purchase of intangible fixed assets | | (254,843) | | (222,853) | |
| Purchase of tangible fixed assets | | (36,199) | | (195,464) | |
| Purchase of fixed asset investments | | (81,954) | | (333,909) | |
| Proceeds on disposal of fixed asset investments | | 1,433,847 | | 57,873 | |
| Interest received | | 7,256 | | 5,892 | |
| Disposal of subsidiary undertaking | 23 | (12,928) | | - | |
| | | | | | |
| Net cash used in investing activities | | 1,055,179 | | (688,461) | |
| Financing activities | | | | | |
| Capital introduced by members | | 31,091 | | 21,935 | |
| Payments to members that represent a return on amounts subscribed or otherwise contributed | | (9,211,430) | | (11,488,927) | |
| Interest paid | | (1,369) | | - | |
| Payment of obligations under finance leases | | 24,650 | | - | |
| | | | | | |
| Net cash used in financing activities | | (9,157,058) | | (11,466,992) | |
| | | | | | |
| Net increase in cash and cash equivalents | | 3,007,662 | | 2,948,680 | |
| Cash and cash equivalents at beginning of year | | 7,032,990 | | 4,084,310 | |
| | | | | | |
| Cash and cash equivalents at end of year | | 10,040,652 | | 7,032,990 | |

FORESIGHT GROUP LLP & SUBSIDIARIES

LIMITED LIABILITY PARTNERSHIP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

| | Notes | 2018 £ | £ | 2017 £ | £ |
|--|-------|-------------|-------------|--------------|--------------|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 22 | | 10,805,716 | | 14,756,731 |
| Investing activities | | | | | |
| Purchase of intangible assets | | (254,843) | | (222,853) | |
| Purchase of tangible fixed assets | | (32,476) | | - | |
| Purchase of fixed asset investments | | (92,513) | | (341,539) | |
| Proceeds on disposal of fixed asset investments | | 1,433,847 | | 57,873 | |
| Interest received | | 38,773 | | 9,798 | |
| Net cash used in investing activities | | | 1,092,788 | | (496,721) |
| Financing activities | | | | | |
| Capital introduced by members | | 31,091 | | 21,935 | |
| Payments to members that represent a return on amounts subscribed or otherwise contributed | | (9,211,430) | | (11,488,927) | |
| Interest paid | | (1,369) | | - | |
| Payment of obligations under finance leases | | 24,650 | | - | |
| Net cash used in financing activities | | | (9,157,058) | | (11,466,992) |
| Net increase in cash and cash equivalents | | | 2,741,446 | | 2,793,018 |
| Cash and cash equivalents at beginning of year | | | 6,215,595 | | 3,422,577 |
| Cash and cash equivalents at end of year | | | 8,957,041 | | 6,215,595 |

FORESIGHT GROUP LLP & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. Accounting policies

1.1 Limited liability partnership information

Foresight Group LLP is a limited liability partnership incorporated in England and Wales. The registered office is The Shard, 32 London Bridge Street, London, SE1 9SG.

The group and limited liability partnership's principal activities are disclosed in the Members' Report.

1.2 Accounting convention

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in January 2017, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the limited liability partnership. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

1.3 Basis of consolidation

The group financial statements consolidate the financial statements of the parent limited liability partnership and its subsidiary undertakings drawn up to 31 March each year.

The financial statements do not consolidate the results of dormant subsidiary undertakings as they are not material for the purpose of giving a true and fair view.

1.4 Going concern

At the time of approving the financial statements, the members have a reasonable expectation that the limited liability partnership has adequate resources to continue in operational existence for the foreseeable future. Thus the members continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Turnover

Turnover represents income receivable from the provision of investment management and administration services to Venture Capital Trusts, Limited Partnerships, Enterprise Investment Schemes and Business Property Relief products.

Management and secretarial fees are recognised on an accruals basis to the extent that it is probable that there will be economic benefit and income can be reliably measured.

Initial fees are recognised when there is sufficient certainty that the amounts raised will be invested.

Arrangement fees relating to transactions entered into on behalf of clients are recognised on the date of the transaction.

Performance fee income is recognised when there is sufficient certainty as to the underlying results upon which it is based.

Other income is recognised when due.

FORESIGHT GROUP LLP & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1. Accounting policies (continued)

1.6 Members' participating interests

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are presented as debtors and shown as amounts due from members within members' interests.

1.7 Intangible assets – development costs

Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated. Amortisation begins when the intangible asset is available for use. Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | | |
|-------------------|---|------------------------------|
| Development costs | - | 20% on a straight line basis |
|-------------------|---|------------------------------|

1.8 Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | | |
|------------------------------------|---|------------------------------|
| Land and buildings long leasehold | - | 0% on a straight line basis |
| Land and buildings short leasehold | - | Over the term of the lease |
| Fixtures, fittings and equipment | - | 20% on a straight line basis |

No depreciation is provided on land and buildings long leasehold as the expected useful life is expected to be greater than 50 years.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of comprehensive income.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Investments in subsidiaries

Investments in subsidiaries are all held at cost less impairment in the separate financial statements of the limited liability partnership.

FORESIGHT GROUP LLP & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1. Accounting policies (continued)

1.11 Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the statement of comprehensive income for the period.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rate ruling at the balance sheet date. All exchange differences are included in the statement of comprehensive income.

1.13 Employee benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Judgements and key sources of estimation uncertainty

In the application of the limited liability partnership's accounting policies, the members are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

FORESIGHT GROUP LLP & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

2. Turnover

| Geographical market Group | 2018 £ | 2017 £ |
|------------------------------|-------------------|-------------------|
| United Kingdom | 33,102,822 | 34,925,248 |
| Italy | 2,643,812 | 1,357,592 |
| USA | 95,373 | 190,013 |
| Australia | 446,072 | 31,027 |
| | <u>36,288,079</u> | <u>36,503,880</u> |

3. Operating profit

| Group | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Operating profit is stated after charging: | | |
| (Profit) on foreign exchange transactions | (118,065) | (153,884) |
| Amortisation of intangible assets | 56,674 | - |
| Depreciation and amortisation of tangible assets | 28,900 | 73,236 |
| Impairment of fixed asset investments | 57,265 | 106,035 |
| (Profit) on disposal of fixed asset investments | (653,085) | (3,280) |
| Operating lease rentals | 226,123 | 163,525 |
| Auditors' remuneration – audit services to LLP | 42,500 | 30,000 |
| Auditors' remuneration – audit services to subsidiaries | 4,000 | 4,000 |
| Auditors' remuneration – taxation and other services | 21,350 | 25,000 |
| | <u></u> | <u></u> |

| LLP | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Operating profit is stated after charging: | | |
| (Profit) on foreign exchange transactions | (77,839) | (20,616) |
| Amortisation of intangible assets | 56,674 | - |
| Depreciation and amortisation of tangible assets | 9,504 | 4,373 |
| Impairment of fixed asset investments | 57,265 | 106,035 |
| (Profit) on disposal of fixed asset investments | (653,084) | (3,280) |
| Auditors' remuneration – audit services to LLP | 42,500 | 30,000 |
| Auditors' remuneration – taxation and other services | 21,350 | 25,000 |
| | <u></u> | <u></u> |

FORESIGHT GROUP LLP & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

| 4. | Interest receivable and similar income | Group 2018 £ | LLP 2018 £ | Group 2017 £ | LLP 2017 £ |
|----|--|--------------------|------------------|--------------------|------------------|
| | Bank interest | 3,949 | 3,790 | 5,892 | 5,278 |
| | Group interest receivable | - | 31,676 | - | - |
| | Other interest | 3,307 | 3,307 | - | 4,520 |
| | | <u>7,256</u> | <u>38,773</u> | <u>5,892</u> | <u>9,798</u> |

| 5. | Taxation | 2018 | 2017 |
|----|----------------------------|---------------|----------------|
| | Group | £ | £ |
| | Current tax | | |
| | UK corporation tax | - | 6,384 |
| | Foreign tax | 19,576 | 62,887 |
| | Adjustment for prior years | | |
| | - UK corporation tax | (6,384) | 549 |
| | - Foreign tax | - | 45,148 |
| | Current tax charge | <u>13,192</u> | <u>114,968</u> |

The charge for the year can be reconciled to the loss per the statement of comprehensive income as follows:

Factors affecting the tax charge for the period

| | | |
|---|--------------------|--------------------|
| Profit on ordinary activities before taxation | <u>13,209,430</u> | <u>13,300,156</u> |
| Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2017: 20.00%) | <u>2,509,792</u> | <u>2,660,031</u> |
| Effects of: | | |
| Profits not assessable to corporation tax | (2,511,090) | (2,852,503) |
| Domestic losses carried forward | 11,044 | 17,920 |
| Overseas losses carried forward | 60,023 | 229,050 |
| Adjustments to previous periods | (6,384) | 45,697 |
| (Lower)/higher tax rates on overseas earnings | (50,193) | 14,773 |
| | <u>(2,496,600)</u> | <u>(2,545,063)</u> |
| Current tax charge | <u>13,192</u> | <u>114,968</u> |

The profits of the LLP are assessable to income tax on the partners at rates of tax of 20%, 40% and 45%.

FORESIGHT GROUP LLP & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

6. Employees

Number of employees

The average number of persons (excluding members) employed by the group and the partnership during the year was:

| | Group 2018 Number | LLP 2018 Number | Group 2017 Number | LLP 2017 Number |
|------------------------------|-------------------------|-----------------------|-------------------------|-----------------------|
| Investment management | 10 | - | 9 | - |
| Administration and marketing | 36 | 33 | 18 | 16 |
| | <u>46</u> | <u>33</u> | <u>27</u> | <u>16</u> |

Their aggregate remuneration comprised:

| | 2018 £ | 2018 £ | 2017 £ | 2017 £ |
|-----------------------|------------------|------------------|------------------|----------------|
| Wages and salaries | 2,518,357 | 1,386,070 | 2,021,166 | 753,519 |
| Social security costs | 230,941 | 144,458 | 197,863 | 77,342 |
| Pension costs | 10,910 | 10,910 | 3,131 | 3,131 |
| | <u>2,760,208</u> | <u>1,541,438</u> | <u>2,222,160</u> | <u>833,992</u> |

7. Information in relation to members

| | 2018 £ | 2017 £ |
|---|------------------|-------------------|
| Members' remuneration charged as an expense | <u>7,181,505</u> | <u>10,487,806</u> |

The remuneration above is that paid to the members by agreement. Remuneration representing a division of profit is included in the allocation of profit figures in note 14.

| | 2018 Number | 2017 Number |
|--|----------------|----------------|
| The average number of members during the period was: | <u>37</u> | <u>29</u> |

| | 2018 £ | 2017 £ |
|---|------------------|------------------|
| Profit attributable to the member with the highest entitlement: | <u>1,603,444</u> | <u>1,526,122</u> |

FORESIGHT GROUP LLP & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

8. Intangible fixed assets

| Group and LLP | Development costs £ |
|------------------------------------|------------------------|
| Cost | |
| At 1 April 2017 | 222,853 |
| Additions | 254,843 |
| | <hr/> |
| At 31 March 2018 | 477,696 |
| | <hr/> |
| Amortisation and impairment | |
| At 1 April 2017 | - |
| Amortisation charged for the year | 56,674 |
| | <hr/> |
| At 31 March 2018 | 56,674 |
| | <hr/> |
| Carrying amount | |
| At 31 March 2018 | 421,022 |
| | <hr/> |
| At 31 March 2017 | 222,853 |
| | <hr/> |

9. Tangible fixed assets

| Group | Long Leasehold Land and buildings £ | Short Leasehold Land and buildings £ | Fixtures, fittings & equipment £ | Total £ |
|------------------------------------|---|--|---|------------|
| Cost or valuation | | | | |
| At 1 April 2017 | 325,879 | 534,401 | 31,610 | 891,890 |
| Additions | - | | 36,199 | 36,199 |
| Foreign exchange | - | (54,751) | - | (54,751) |
| Disposals | | (329,924) | | (329,924) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 March 2018 | 325,879 | 149,826 | 67,809 | 543,414 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Depreciation and impairment | | | | |
| At 1 April 2017 | - | 159,006 | 19,277 | 178,283 |
| Depreciation charged in the year | - | 14,266 | 14,634 | 28,900 |
| Disposals | - | (156,644) | - | (156,644) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 March 2018 | - | 16,628 | 33,911 | 50,539 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net book values | | | | |
| At 31 March 2018 | 325,879 | 133,098 | 33,898 | 492,875 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 March 2017 | 325,879 | 375,395 | 12,333 | 713,607 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

FORESIGHT GROUP LLP & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

9. Tangible fixed assets (continued)

| LLP | Long Leasehold Land and buildings £ | Fixtures, fittings & equipment £ | Total £ |
|------------------------------------|---|---|------------|
| Cost | | | |
| At 1 April 2017 | 325,879 | 21,861 | 347,740 |
| Additions | - | 32,476 | 32,476 |
| At 31 March 2018 | 325,879 | 54,337 | 380,216 |
| Depreciation and impairment | | | |
| At 1 April 2017 | - | 18,568 | 18,568 |
| Depreciation charged in the year | - | 9,504 | 9,504 |
| At 31 March 2018 | - | 28,072 | 28,072 |
| Net book values | | | |
| At 31 March 2018 | 325,879 | 26,265 | 352,144 |
| At 31 March 2017 | 325,879 | 3,293 | 329,172 |

Included in the amounts for fixtures, fittings & equipment are assets under hire purchase contracts with a net book value of £24,851 (2017: £NIL) and depreciation charged in the year of £6,025 (2017: £NIL).

10. Fixed asset investments

a) The following are included in the net book value of fixed asset investments:

| | Group 2018 £ | LLP 2018 £ | Group 2017 £ | LLP 2017 £ |
|-----------------------------|--------------------|------------------|--------------------|------------------|
| Investments in subsidiaries | - | 36,245 | - | 25,686 |
| Unlisted investments | 431,791 | 431,790 | 1,187,864 | 1,187,864 |
| | 431,791 | 468,035 | 1,187,864 | 1,213,550 |

FORESIGHT GROUP LLP & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

10. Fixed asset investments (continued)

b) Movements in fixed asset investments

| Group | Unlisted investments £ |
|--------------------------|------------------------------|
| Cost or valuation | |
| At 1 April 2017 | 1,335,399 |
| Additions | 81,954 |
| Disposals | (780,762) |
| At 31 March 2018 | 636,591 |
| Impairment | |
| At 1 April 2017 | 147,535 |
| Impairment losses | 57,265 |
| At 31 March 2018 | 204,800 |
| Net book values | |
| At 31 March 2018 | 431,791 |
| At 31 March 2017 | 1,187,864 |

| LLP | Investments in subsidiaries £ | Unlisted investments £ | Total £ |
|--------------------------|-------------------------------------|------------------------------|------------|
| Cost or valuation | | | |
| At 1 April 2017 | 25,686 | 1,335,399 | 1,361,085 |
| Additions | 10,560 | 81,953 | 92,513 |
| Disposals | (1) | (780,762) | (780,763) |
| At 31 March 2018 | 36,245 | 636,590 | 672,835 |
| Impairment | | | |
| At 1 April 2017 | - | 147,535 | 147,535 |
| Impairment losses | - | 57,265 | 57,265 |
| At 31 March 2018 | - | 204,800 | 204,800 |
| Net book values | | | |
| At 31 March 2018 | 36,245 | 431,790 | 468,035 |
| At 31 March 2017 | 25,686 | 1,187,864 | 1,213,550 |

FORESIGHT GROUP LLP & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

10. Fixed asset investments (continued)

c) Principal group investments

The parent LLP holds more than 20% of the share capital of the following undertakings:

| Entity | Country of registration or incorporation | Class | Shares held % |
|---|--|---------------|---------------|
| Subsidiary undertakings | | | |
| Foresight Group S.R.L. | Italy | Ordinary | 100 |
| Foresight Group Australia Pty Limited | Australia | Ordinary | 100 |
| Foresight Fund Managers Limited | England & Wales | Ordinary | 100 |
| Foresight ITS Limited | England & Wales | Ordinary | 100 |
| Foresight Solar LLP | England & Wales | Voting rights | 100 |
| Foresight European Solar Fund CIP GP Limited | Scotland | Ordinary | 100 |
| Foresight Environmental GP Co. Limited | Scotland | Ordinary | 100 |
| Foresight Environmental FP GP Co. Limited | Scotland | Ordinary | 100 |
| Foresight NF GP Limited | England & Wales | Ordinary | 100 |
| Foresight NF FP GP Limited | England & Wales | Ordinary | 100 |
| Foresight Company 1 Limited | England & Wales | Ordinary | 100 |
| Foresight Company 2 Limited | England & Wales | Ordinary | 100 |
| Foresight Regional Investment General Partner LLP | Scotland | Ordinary | 100 |
| Foresight Impact Midlands Engine GP LLP | Scotland | Ordinary | 100 |
| Foresight Investor LLP | England & Wales | Voting rights | 100 |
| Pinecroft Corporate Services Limited | England & Wales | Ordinary | 100 |
| Foresight IHT LLP | England & Wales | Voting rights | 100 |
| Foresight Group (SK) Limited | England & Wales | Ordinary | 100 |
| Foresight Group Promoter LLP | England & Wales | Voting rights | 100 |
| Foresight Group S.à r.l. | Luxembourg | Ordinary | 100 |

d) Disposal of subsidiaries

On 27 March 2018, the LLP's interest in Foresight Group US, LLC was transferred to Foresight Group Holdings Limited.

On 18 August 2017, the LLP sold its interest in UK Waste Resources and Energy Investments (GP) Limited and The Recycling and Waste General Partner LLP.

On 24 October 2017, the LLP sold its interest in The Waste Asset General Partner LLP.

e) Registered office of subsidiaries

The registered office of the subsidiaries is the same as for the LLP except for the following:

- Subsidiaries with the registered office 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ are Foresight European Solar Fund CIP GP Limited, Foresight Environmental GP Co. Limited, Foresight Environmental FP GP Co. Limited, Foresight Regional Investment General Partner LLP and Foresight Impact Midlands Engine GP LLP.
- Subsidiary with the registered office Level 35 One International Tower, 100 Barangaroo Avenue, Sydney, NSW 2000 Australia is Foresight Group Australia Pty Limited.
- Subsidiary with the registered office Piazza Barberini, 52 00187 Roma Italy is Foresight Group S.R.L..
- Subsidiary with the registered office 68-70, Boulevard de la Pétrusse L - 2320 Luxembourg is Foresight Group S.à r.l.

FORESIGHT GROUP LLP & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

| 11. Financial instruments | Group 2018 £ | LLP 2018 £ | Group 2017 £ | LLP 2017 £ |
|---|-----------------------------|---------------------------|-----------------------------|---------------------------|
| Carrying amount of financial assets | | | | |
| Debt instruments measured at amortised cost | 11,834,866 | 13,490,557 | 9,488,843 | 10,405,503 |
| Equity instruments measured at cost less impairment | <u>431,791</u> | <u>468,035</u> | <u>1,187,864</u> | <u>1,213,550</u> |
| Carrying amount of financial liabilities | | | | |
| Measured at amortised cost | <u>13,245,233</u> | <u>13,015,676</u> | <u>11,682,309</u> | <u>11,807,265</u> |
| 12. Debtors | Group 2018 £ | LLP 2018 £ | Group 2017 £ | LLP 2017 £ |
| Trade debtors | 8,541,232 | 8,459,911 | 7,038,809 | 6,804,232 |
| Amounts owed by subsidiary undertakings | - | 1,021,155 | - | 1,343,531 |
| Other debtors | 4,299,251 | 4,009,491 | 2,450,034 | 2,257,740 |
| Prepayments | <u>601,118</u> | <u>591,805</u> | <u>725,856</u> | <u>688,884</u> |
| | <u>13,444,601</u> | <u>14,082,362</u> | <u>10,214,699</u> | <u>11,094,387</u> |
| 13. Creditors: amounts falling due within one year | Group 2018 £ | LLP 2018 £ | Group 2017 £ | LLP 2017 £ |
| Obligations under finance leases | 24,650 | 24,650 | - | - |
| Trade creditors | 906,576 | 899,184 | 458,824 | 525,021 |
| Fees received in advance | 254,503 | 247,792 | 90,091 | 30,855 |
| Amounts owed to subsidiary undertakings | - | 968,661 | - | 510,451 |
| Tax and social security | 1,468,791 | 1,537,305 | 1,583,206 | 1,541,835 |
| Other creditors | 9,578,405 | 8,622,802 | 9,295,013 | 9,181,228 |
| Accruals | <u>2,481,099</u> | <u>2,252,587</u> | <u>1,838,381</u> | <u>1,559,710</u> |
| | <u>14,714,024</u> | <u>14,552,981</u> | <u>13,265,515</u> | <u>13,349,100</u> |

FORESIGHT GROUP LLP & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

14. Members' interests

| | EQUITY Members' other interests | | | DEBT Loans and other debts due to members | | TOTAL MEMBERS' INTERESTS |
|--|--|----------------|-----------|--|-------------|--------------------------------|
| | Members' capital (classified as equity) | Other reserves | Total | Other amounts | Total | Total |
| Group | £ | £ | £ | £ | £ | £ |
| Amount due to members | | | | 5,635,719 | | |
| Members' interests at 1 April 2017 | 90,738 | 390,474 | 481,212 | 5,635,719 | 5,635,719 | 6,116,931 |
| Members' Remuneration charged as an expense, including employment costs and retirement benefit costs | - | - | - | 7,181,505 | 7,181,505 | 7,181,505 |
| Profit for the financial period available for discretionary division among members | - | 6,014,733 | 6,014,733 | - | - | 6,014,733 |
| Members' interests after profit and remuneration for the year | 90,738 | 6,405,207 | 6,495,945 | 12,817,224 | 12,817,224 | 19,313,169 |
| Introduced by members | 31,091 | - | 31,091 | - | - | 31,091 |
| Drawings | - | - | - | (9,211,430) | (9,211,430) | (9,211,430) |
| Members' interests at 31 March 2018 | 121,829 | 6,405,207 | 6,527,036 | 3,605,794 | 3,605,794 | 10,132,830 |
| Amounts due to members | | | | 3,605,794 | | |
| | | | | 3,605,794 | | |

FORESIGHT GROUP LLP & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

14. Members' interests (continued)

| | EQUITY | | | DEBT | | TOTAL MEMBERS' INTERESTS |
|--|--|--|-----------|---|-------------|--------------------------------|
| | Members' capital (classified as equity) | Members' other interests Other reserves | Total | Loans and other debts due to members Other amounts | Total | |
| LLP | £ | £ | £ | £ | £ | £ |
| Amount due to members | | | | 5,635,719 | | |
| Members' interests at 1 April 2017 | 90,738 | - | 90,738 | 5,635,719 | 5,635,719 | 5,726,457 |
| Members' Remuneration charged as an expense, including employment costs and retirement benefit costs | - | - | - | 7,181,505 | 7,181,505 | 7,181,505 |
| Profit for the financial period available for discretionary division among members | - | 6,000,000 | 6,000,000 | - | - | 6,000,000 |
| Members' interests after profit and remuneration for the year | 90,738 | 6,000,000 | 6,090,738 | 12,817,224 | 12,817,224 | 18,907,962 |
| Introduced by members | 31,091 | - | 31,091 | - | - | 31,091 |
| Drawings | - | - | - | (9,211,430) | (9,211,430) | (9,211,430) |
| Members' interests at 31 March 2018 | 121,829 | 6,000,000 | 6,121,829 | 3,605,794 | 3,605,794 | 9,727,623 |
| Amounts due to members | | | | 3,605,794 | | |
| | | | | 3,605,794 | | |

FORESIGHT GROUP LLP & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

| | | |
|---|-------------|-------------|
| 15. Loans and other debts due to members | 2018 | 2017 |
| Group and LLP | £ | £ |
| Amounts owed to members in respect of profits | 3,605,794 | 5,635,719 |

In the event of a winding up the amounts included in "Loans and other debts due to members" will rank equally with unsecured creditors.

16. Retirement benefit schemes

The LLP operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the LLP in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £10,910 (2017: £3,131).

17. Finance lease obligations

Future minimum lease payments due under finance leases:

| | | |
|------------------------------|-------------|-------------|
| | 2018 | 2017 |
| Group and LLP | £ | £ |
| Within one year | 9,181 | - |
| In two to five years | 19,298 | - |
| | 28,479 | - |
| Less: future finance charges | (3,829) | - |
| | 24,650 | - |

Finance lease obligations represent rentals payable by the LLP for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All leases are secured against their related assets.

18. Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | | |
|--------------------------------|---------------------------|-------------|
| | Land and buildings | |
| | 2018 | 2017 |
| Group | £ | £ |
| Operating leases which expire: | | |
| Within one year | 155,829 | 129,624 |
| Between two and five years | 302,655 | 438,462 |

FORESIGHT GROUP LLP & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

19. Events after the reporting date

There are no matters to report.

20. Control

The intermediate parent entity is Foresight Group CI Limited, a company registered in Guernsey. The ultimate parent company is Foresight Group Holdings Limited, a company registered in Guernsey. The ultimate controlling party is Mr B W Fairman.

21. Related party transactions

During the period the group and limited liability partnership had the following related party transactions:

a) Venture Capital Funding Partners ('VCF Partners')

Designated member, Mr G Fraser and non-designated member Mr D Hughes were partners in Venture Capital Funding Partners during the year.

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| <i>Statement of comprehensive income</i> | | |
| Rental costs payable to VCF Partners | 3,102,500 | 2,203,366 |
| Service fee payable to VCF Partners | 8,697,500 | 5,496,634 |
| <i>Balance sheet</i> | | |
| Amounts due from VCF Partners included in other debtors | 918,655 | 788,093 |

b) Foresight Group CI Limited

Foresight Group CI Limited holds a controlling interest in the limited liability partnership.

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| <i>Statement of comprehensive income</i> | | |
| Advisory fee receivable from Foresight Group CI Limited | 2,180,000 | 2,280,000 |
| Service fee payable to Foresight Group CI Limited | 5,660,000 | 6,320,000 |
| <i>Balance sheet</i> | | |
| Amounts owed to Foresight Group CI Limited included in other creditors | 5,653,803 | 5,218,420 |

c) Foresight Group Holdings Limited

Foresight Group CI Limited, a company that holds a controlling interest in the limited liability partnership, is a subsidiary of Foresight Group Holdings Limited.

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| <i>Statement of comprehensive income</i> | | |
| Advisory fee receivable from Foresight Group Holdings Limited | 1,948,400 | - |
| <i>Balance sheet</i> | | |
| Amounts owed to Foresight Group Holdings Limited included in other creditors | 522,403 | 2,693,802 |

FORESIGHT GROUP LLP & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

d) Foresight Solar Australia (UK) Limited

Foresight Solar Australia (UK) Limited is a subsidiary of Foresight Group Holdings Limited.

| | 2018 | 2017 |
|--|--------|------|
| | £ | £ |
| <i>Statement of comprehensive income</i> | | |
| Service fee payable to Foresight Solar Australia (UK) Limited | 12,000 | - |
| <i>Balance sheet</i> | | |
| Amounts owed to Foresight Solar Australia (UK) Limited included in other creditors | 12,000 | - |

e) Foresight Group US, LLC

On 27 March 2018, the loan from the LLP to its subsidiary Foresight Group US, LLC of £4,956,958 was novated to Foresight Group Holdings Limited. Subsequently, the LLP's interest in Foresight Group US, LLC was transferred to Foresight Group Holdings Limited for £NIL proceeds.

f) Key management personnel

The total remuneration of the members of the LLP who are considered to be the key management personnel of LLP was £9,413,767 (2017: £6,928,446) and represents members remuneration charged as an expense and division of profit.

g) Other related party transactions

Pinecroft Corporate Services Limited is a corporate director of a number of companies. The group received fee income of £13,370,287 (2017: £18,728,735) from these companies and the aggregate outstanding balance at 31 March 2018 was £(1,357,924) (2017: £4,545,468).

FORESIGHT GROUP LLP & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2018**

22. Cash generated from operations

| Group | 2018 | 2017 |
|--|-------------------|-------------------|
| | £ | £ |
| Profit for the financial year | 13,196,238 | 13,185,188 |
| Adjustments for: | | |
| Taxation charged | 13,192 | 114,968 |
| (Profit) on disposal of subsidiaries | (4,770,798) | - |
| Interest paid | 1,369 | - |
| Interest receivable | (7,256) | (5,892) |
| Amortisation of intangible fixed assets | 56,674 | - |
| Depreciation and impairment of tangible fixed assets | 28,900 | 73,236 |
| Foreign exchange on tangible fixed assets | 54,751 | (39,835) |
| Loss on disposal of tangible fixed assets | 142,575 | - |
| (Profit) on disposal of fixed asset investments | (653,085) | (3,280) |
| Impairment of fixed asset investments | 57,265 | 106,035 |
| Movements in working capital: | | |
| (Increase)/decrease in current asset investments | (5,480) | 4,267 |
| (Increase)/decrease in debtors | (3,490,692) | 855,794 |
| Increase in creditors | 6,548,775 | 973,994 |
| | <u>11,172,428</u> | <u>15,264,475</u> |
| LLP | 2018 | 2017 |
| | £ | £ |
| Profit for the year | 13,181,505 | 10,487,806 |
| Adjustments for: | | |
| Interest paid | 1,369 | - |
| Interest receivable | (38,773) | (9,798) |
| Amortisation of intangible fixed assets | 56,674 | - |
| Depreciation and impairment of tangible fixed assets | 9,504 | 4,373 |
| (Profit) on disposal of fixed asset investments | (653,084) | (3,280) |
| Impairment of fixed asset investments | 57,265 | 106,035 |
| Movements in working capital: | | |
| (Increase)/decrease in debtors | (2,987,975) | 3,197,155 |
| Increase in creditors | 1,179,231 | 974,440 |
| | <u>10,805,716</u> | <u>14,756,731</u> |

FORESIGHT GROUP LLP & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

23. Disposal of subsidiaries

a) Foresight Group US, LLC

On 27 March 2018, the LLP's interest in Foresight Group US, LLC was transferred to Foresight Group Holdings Limited. The net assets transferred were as follows:

| | £ |
|---------------------------------------|-----------------------------|
| Tangible fixed assets | 30,705 |
| Debtors | 260,789 |
| Creditors | (5,068,763) |
| | <u>(4,777,269)</u> |
| Profit on disposal | 4,764,341 |
| | <u> </u> |
| Total consideration | <u>(12,928)</u> |
| | <u> </u> |
| Satisfied by cash | - |
| | <u> </u> |
| Net cash outflow arising on disposal: | |
| Cash consideration | - |
| Cash and cash equivalents disposed | (12,928) |
| | <u> </u> |

b) UK Waste Resources and Energy Investments (GP) Limited, The Recycling and Waste General Partner LLP and The Waste Asset General Partner LLP

On 18 August 2017, the LLP sold its interest in UK Waste Resources and Energy Investments (GP) Limited and The Recycling and Waste General Partner LLP.

On 24 October 2017, the LLP sold its interest The Waste Asset General Partner LLP.

These subsidiaries were sold in a collective agreement. The net assets transferred were as follows:

| | £ |
|---------------------|-----------------------------|
| Debtors | 1 |
| Creditors | (6,458) |
| Profit on disposal | 6,457 |
| | <u> </u> |
| Total consideration | <u>-</u> |
| | <u> </u> |
| Satisfied by cash | - |
| | <u> </u> |